

**OPENING STATEMENT OF
CHAIRMAN PAUL E. KANJORSKI
SUBCOMMITTEE ON CAPITAL MARKETS, INSURANCE,
AND GOVERNMENT SPONSORED ENTERPRISES
HEARING ON H.R. 5840,
THE INSURANCE INFORMATION ACT OF 2008
JUNE 10, 2008**

Good morning. We meet today to discuss H.R. 5840, the Insurance Information Act of 2008. Ranking Member Pryce, Congressman Dennis Moore, Congresswoman Melissa Bean, and Congressman Ed Royce joined me in introducing this legislation in mid-April. I would like to thank each of the original cosponsors for their support.

H.R. 5840 promotes an idea which I have long held and which I incorporated into the Financial Services Committee's Oversight Plan for the 110th Congress: that the Federal government should have an in-house expert on insurance policy matters. To that end, the bill would create an Office of Insurance Information within the Treasury Department.

At a private briefing between Members of Congress and the Federal financial regulators shortly after the September 11 terrorist attacks, it became very clear to me that the Federal government lacks needed expertise on insurance policy. As evidenced by the recent debates on catastrophic insurance, I suspect that others came to a similar conclusion in the wake of Hurricane Katrina. Moreover, the ongoing troubles in the bond insurance marketplace have highlighted the fact that insurance is a financial product with significant implications for the broader national economy.

As such, the Federal government should have a deep knowledge base of the insurance industry. We need to understand how the industry functions. We need to ascertain its relationship to other sectors of the financial marketplace. We need to appreciate its importance in our economy. The establishment of an in-house informational resource to address these issues will ultimately help us to construct better policies, better rules, and better laws.

Recently, I met with a former senior official who worked at the Treasury Department during 2001. From this conversation, I learned that there were only two staffers working on insurance issues at the time. In a time of crisis, this lack of in-house expertise was troubling. Even with the passage of the Terrorism Risk Insurance Act, we now have less than ten staffers dedicated to insurance issues, and their focus is very limited.

The same former Treasury official thought that it made sense to create an Office of Insurance Information in the Treasury Department. Moreover, this individual believes that such an Office "would have been helpful" in the aftermath of September 11. Such an internal resource would have already had expertise in place, information available, and relationships developed to assist in the consideration of legislation like the Terrorism Risk Insurance Act. This Office might have even helped us to expedite the lengthy debates on the original TRIA law.

Since the addition of insurance to the Financial Services Committee's jurisdiction in 2001, we have held more than a dozen hearings on specific insurance proposals and broader industry issues. Because the insurance industry is a significant part of our economy, the

Financial Services Committee will certainly continue to review insurance matters in the years ahead. The Office of Insurance Information created in this legislation and its independent voice will help the Committee make better-informed decisions on future insurance proposals.

Additionally, the Office of Insurance Information will coordinate Federal efforts and establish Federal policy on international insurance matters. We live in a global, interconnected world. Insurance issues are increasingly the topic of international discussions. We need to recognize this fact. To promote better coordination, the Office would have the authority to determine whether State insurance measures are consistent with such policy. The Office would additionally have very limited preemption powers with safeguards in place, with regard to this determination.

Before closing, I want to remind everyone that I have long discussed my desire to reach consensus on insurance reform measures. H.R. 5840 begins that work in earnest. In order to achieve broader agreement on the bill, I have worked since introducing the bill to make modifications, and we will continue to refine the bill in the weeks ahead.

To help us in this task, today's witnesses will focus their comments on a discussion draft of a proposed manager's amendment circulated last week. I understand that many of our witnesses today have suggestions to improve the legislation as we move forward. As always, the Subcommittee is open to ideas to improve a bill. We want to work with all interested parties to maximize the growing consensus on this legislation.

In closing, I want to thank Ranking Member Pryce for joining me again in inviting the witnesses on a bipartisan basis. We look forward to learning their views on our bill. I also look forward to moving H.R. 5840 through the legislative process in the near future.
